Australian Government
The Treasury

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The Australian Diverted Profits Tax

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Purpose of the DPT

- An anti-avoidance provision aimed at multinational enterprises diverting profits offshore
- Three broad objectives:
  - Complement Australia's existing anti-avoidance rules
  - Encourage greater compliance with existing tax obligations
  - Encourages uncooperative taxpayers to provide relevant information to the Commissioner of Taxation
- The DPT:
  - Imposes tax that reflects the activities undertaken in Australia
  - Targets artificial or contrived arrangements

Main features of the DPT - application

- **The DPT imposes** a penalty rate of tax of **40 per cent**
- **The DPT applies to:**
  - **Taxpayers** with global revenue of A$1 billion or more
  - **Schemes** which:
    - involves an offshore associate
    - have a principal purpose of avoiding tax
- **Does not apply where:**
  - sufficient foreign tax paid (24 per cent or more)
  - sufficient economic substance

Main features of the DPT - processes

- Before issue of an assessment
  - ATO engagement with the taxpayer
  - Review panel with external membership
  - Senior officer sign off
- After issue of assessment
  - Payment required within 21 days
  - 12 month period of review
  - Review panel with external membership and taxpayer representation before upholding DPT assessment
- Taxpayer can then appeal to the Federal Court
  - Evidence not already before the Commissioner cannot be introduced on appeal to the Federal Court

Implementation

- Currently before the Australian Parliament
- Commences on 1 July 2017
- Estimated to raise A$100 million per year starting from 2018-19